



Purpose: For Decision

Committee report

Committee	CABINET
Date	TUESDAY, 17 SEPTEMBER 2013
Title	THE POSSIBLE DISPOSAL OF SALISBURY GARDENS, (THE FORMER COASTAL VISITOR CENTRE), DUDLEY RD VENTNOR UNDER SPECIAL PURCHASER ARRANGEMENTS
Report to	CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. This paper seeks approval for the council to negotiate, under special purchaser arrangements, a lease with or freehold disposal to Ventnor Town Council (the current occupiers of part of the building) for the whole of Salisbury Gardens (the former Coastal Visitor Centre and adjacent land), Dudley Rd Ventnor.
2. Ventnor Town Council (VTC) has plans to operate the building as both a community hub and work place facility for small businesses to support the local economy. It has made an application to the Coastal Community Fund (CCF) for resources to help establish and sustain this in the long term.
3. Any final terms of sale or lease to be agreed with the town council would be subject to a further cabinet report to confirm that the council is achieving best consideration from the disposal.

BACKGROUND

4. The council has freehold ownership of Salisbury Gardens (Coastal Visitor Centre and adjacent land), Dudley Rd, Ventnor and it has been used for many years for municipal purposes. The premises were owned and occupied by South Wight Borough Council with the building transferring to the new Unitary Authority when it was formed in 1995. Since that time the building has been used as the Isle of Wight council as offices for the coastal management and public rights of way teams alongside a coastal visitor centre used by visiting education groups, tourists and other organisations interested in coastal issues both in the UK and abroad. The building has also provided accommodation for the Isle of Wight Archaeological Society.

5. As part of the council property rationalisation programme, the building was been declared surplus to requirements by the services and its use as offices has diminished. In February 2011 the Isle of Wight Council granted a licence to Ventnor Town Council to occupy 2 rooms on the first floor for office use. In May 2012 a further licence was granted for the use of a third room on the same floor. In line with its property rationalisation processes, the council commenced a valuation and marketing process in late 2012 to dispose of the premises (building only) for the best possible capital receipts that could be achieved. As this process had not reached the marketing phase it was halted following the election and in accordance with the aspirations of the Council's newly elected Administration.
6. Following the cessation of the disposal process seeking the maximum capital receipt Ventnor Town Council approached the council seeking to be considered as a special purchaser for the site, primarily by way of a lease for it. The town council has long held ambitions to use the building to support local community and economy development and as an anchor in a bid for coastal community funds to deliver its long term aspirations.
7. It would be normal practice for the council to market a site for disposal to ensure that it receives best consideration for it through a competitive process. Ultimately the value of a site will depend on the price that possible purchasers are willing to pay for it; this in itself will be determined by prevailing market conditions at the time of marketing, and on any restrictions placed by the council on the sale in respect of use and development (such as the continued provision of free public parking and ensuring that any development has no adverse impact upon the views).
8. The council does however make provision for dealing with a single bidder for a site where that bidder falls within the definition of a "special purchaser" as defined by the Royal Institution of Chartered Surveyors (RICS), namely "a purchaser to whom a particular asset has a special value because of the advantages arising from its ownership that would not be available to general purchasers in the market".
9. Where an organisation that meets this definition of special purchaser wishes to acquire a council asset it is the council's practice to obtain two independent valuations of the asset; the costs of these valuations being met by the prospective special purchaser. This helps the council to ensure that it would be receiving the "best consideration" for the site should the special purchaser be willing to pay the value of the site as assessed by the independent valuation.
10. The best consideration that the council may receive for a site does not necessarily have to be only defined in monetary terms. The council may wish to achieve some social, economic or other benefits from the disposal of the site and could seek to impose restrictive covenants on a purchaser to ensure that such benefits are received. The overall value of these benefits can however be based only on a clear understanding of the financial value of the site as determined by a proper valuation.

11. Ventnor Town Council falls within the RICS definition of a special purchaser as it occupies part of the premises on a leasehold basis and the acquisition would enable it to develop its plans for the use of the building to promote community use, create local employment opportunities and grow the local economy. For these reasons the town council has asked that the Isle of Wight Council agree to treat with it as a special purchaser for the site so that it can enter into detailed negotiations for its acquisition by way of lease or of the freehold.

STRATEGIC CONTEXT

12. The disposal of the site and for the purposes of the developments planned by Ventnor Town Council would contribute towards the “thriving island” theme of the sustainable community strategy (Eco Island) as it would support economic development and regeneration. The disposal would also be in line with the broad objectives as set out in the Framework for Change which Full Council has agreed should be used as a basis for developing the council’s approach to its corporate plan.

CONSULTATION

13. No explicit consultation has been possible, so far, over the proposal owing to the need to confirm this approach to Ventnor Town Council so that it is able to complete an expression of interest (time limited) for government funds. There will however be an opportunity for wide consultation on any terms of agreement for the disposal as they are developed and should they be achieved following negotiations.

FINANCIAL / BUDGET IMPLICATIONS

14. It is estimated that the building at Salisbury would sell on the open market for between £300,000 and £400,000 subject to planning permission being achieved for conversion to residential use. If the council were to agree to a disposal on terms that were other than the best financial consideration it would be forgoing a capital receipt of this order that it would be able to apply to the delivery of its corporate objectives.
15. If the council were to agree to lease the premises to the town council, it would be deferring, for the length of the lease, a possible capital receipt of £300,000 to £400,000 which it could earn from the freehold sale of the property. It may however generate additional revenue income to the council from the rent associated with the lease of the building.
16. There are no direct financial or budget implications arising from the recommendations in this paper. The independent valuations of the site are to be funded by Ventnor Town Council.
17. The council currently receives rent from the town council for its part use of the premises at £5,100 per annum. This on-going income would be lost as a result of any freehold disposal although it may be increased if the town council were to lease the whole of the building. Any lease of the premises would be on a full repairing and insuring basis and therefore the council would save approximately £18,000 per annum, as it would no longer be responsible for the buildings repair and maintenance, or any other outgoings.

CARBON EMISSIONS

18. The disposal of the building by the council would mean an overall reduction in its carbon emissions and assist in the objectives set out in the council's carbon management plan.

LEGAL IMPLICATIONS

19. The council has the power to dispose of property under section 123 of the local government act 1972, which requires it to achieve "best consideration" in any disposal.
20. Best consideration does not necessarily mean the highest price achievable. It can also be obtained from other additional benefits generated by and for the local community from the disposal, provided that the council observes its fiduciary responsibilities and protects the interests of the community and itself in the transaction.
21. The council would need to determine the extent of any sale given that the building directly adjoins an large area of open space currently in public use and maintained via the councils grounds management contract. In addition, issues around car parking and vehicular access to both the property and neighbouring residential premises would need to be resolved in any sale.

EQUALITY AND DIVERSITY

22. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership). There are no direct implications for the council's duties under the terms of Equality Act 2010 arising from the recommendations in this paper. There are no opportunities for it to eliminate unlawful discrimination, promote equal opportunities between people from different groups and foster good relations between people from different backgrounds arising from the decision to agree to a special purchaser for the land in question.

OPTIONS

23. The options available to council are as follows:
- (1) Agree to Ventnor Town Council being treated as a special purchaser for the council owned premises known as Salisbury Gardens (the former Coastal Visitor Centre and adjacent land), Dudley Rd, Ventnor.
 - (2) Offer the premises known as Salisbury Gardens (the former Coastal Visitor Centre and adjacent land), Dudley Rd, Ventnor. for sale on the open market and to undertake an appropriate marketing exercise for the site.
 - (3) Not dispose of the council premises known as Salisbury Gardens and retain it for use by the council.

RISK MANAGEMENT

24. If the council does not agree to the proposed special purchaser status for Ventnor Town Council and chooses to retain the building, there is a risk that it would not be able to continue to operate the building in a cost effective way. It has already been determined that the building is not required for council use and not disposing of the premises would leave the council responsible for the costs and upkeep of a (near) vacant premise. Given current market conditions there is a risk that any income from the building would not meet the on-going costs of its operation.
25. The council may receive a higher consideration for the property if it were to offer it for sale on the open market. The independent valuations of the site that will inform the final sale/lease agreement with the town council as a special purchaser will ensure that the council is fully aware of the site's value in reaching this agreement.
26. If the site is offered to the open market there is a medium risk that the town council may choose not to compete and may elect not to submit an offer although it is likely that other offers could be achieved but without the economic and community benefits which the town council is seeking to secure.
27. There remains the risk that even if the council agrees to the special purchaser arrangements it may not be able to agree terms for the sale of the land with the town council that offers best consideration for the council (and for the Island).
28. If the council determines not to dispose of the premises it should be recognised that the building that there is currently no budget allocated for the revenue costs associated with the holding costs (rates, insurance, maintenance) of a vacant premises

EVALUATION

29. A decision to agree to the proposed special purchaser arrangements with Ventnor Town Council does not commit the council to a sale of the land to it. It does however give the town council confidence that the council will work with it to achieve the transfer subject to suitable terms being agreed which ensures that the council receives best consideration for the site.
30. It is to the council's advantage that the town council, which has both the local community's and economy's interests at heart, are seeking to secure the long term use of the building and are seeking grant funding from government to assist in meeting its objectives which also align with the new council's aspirations. It is well placed to secure investment in the facility and to enhance and improve community use and access as well as help sustain the local economy.

RECOMMENDATION

31. That option 1 be adopted:

- (1) Agree to Ventnor Town Council being treated as a special purchaser for the council owned premises known as Salisbury Gardens (the former Coastal Visitor Centre and adjacent land), Dudley Rd, Ventnor.

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